

## Case Study

# A Finland-based Software Solution Service Provider

Service(s) Offered: **Full-Suite Corporate Services (Excluding Accounting)**

Sector/Industry: **Information Technology**



## Revamp of tax withholding procedure on import of software and filing for refund

The client is a software solutions provider headquartered in Finland and has a wholly owned subsidiary in India.

The Indian entity imports anti-virus software from its parent entity for distribution in both B2B and B2C distribution in India.

Nexdigm end-to-end support spans managing critical business functions, including:

- Finance Controlling
- Corporate Tax Compliances
- Company Secretarial Services
- Payroll Management and Compliances



Nexdigm worked proactively and kept us updated with all the new possibilities for our nature of business. They have been dependable and knowledgeable as our in-house experts on the varied areas of accounting and payroll. They always answered our concerns and helped with special cases. For a company like us with no local accounting or payroll team, Nexdigm is a good partner.



**Finance Director**

### Case Highlights

- We advised the client to withhold tax on an accrual basis
- We handled technical and administrative challenges
- Our support helped the client avail a tax refund of INR 18.52 million (USD 0.25 million)

### Challenges

- The client was facing regulatory and compliances issues before associating with Nexdigm.
- In the detailed review, our team observed that the Indian entity was withholding tax on Import of Software on Payment basis instead of the regulatory mandate of using the Accrual basis. This non-compliance may expose them to a penalty notice from the Income Tax department.

## **Solution**

- Nexdigm advised the parent entity to file Return of Income (ITR) in India to claim refund for the withholding tax. We provided close support while filing their first ITR in India, which can be challenging to first-time filers.
- We also recommended withholding tax on an accrual basis and conducting a detailed study on this transaction.
- In addition to supporting technical queries while filing the ITR, we went the extra mile by handling multiple technical and administrative challenges, including:
  - Updating signatory details on IT portal
  - Updating the DSC with IT portal

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

**[www.nexdigm.com](http://www.nexdigm.com)**